

1978

or sale of the Project will be pledged, and the Project will be mortgaged, to the Trustee as security for payment of the principal of, premium, if any, and interest on the Bonds.

SECTION 2.02. Representations and Warranties by Tenant. The Tenant makes the following representations as the basis for the undertakings on its part herein contained:

(a) Tenant is a corporation duly incorporated, validly existing, and in good standing, under the laws of the State of New York, is duly qualified to do business in the State of South Carolina, has power to enter into this Lease and by proper corporate action has been duly authorized to execute and deliver this Lease.

(b) Neither the execution and delivery of this Lease, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Lease, will result in a breach of any of the terms, conditions or provisions of any corporate restriction or any agreement or instrument to which the Tenant is now a party or by which it is bound, or will constitute a default under any of the foregoing, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Tenant under the terms of any instrument or agreement, other than as may be created or permitted by this Lease and the Indenture.

(c) The Tenant intends to operate the Project for the purpose of manufacturing fuel injection devices for diesel engines and for such other purposes permitted under the Act as the Tenant may deem appropriate.

(d) The acquisition by construction and purchase of the Project by the County through the issuance of the Series 1978 Bonds and the leasing of the Project to the Tenant has induced the Tenant to locate in the County and remain in the State of South Carolina.

(e) The Project consists, and will at all times consist of land or property which is subject to the allowance for depreciation provided in IRC Section 167 and all expenditures for and the Cost of the Project (including financing costs) will be chargeable to the Project's capital account for Federal income tax purposes, or would be so chargeable either with a proper election or but for a proper election by a taxpayer.